

EXHIBIT I**DEBTOR'S PROJECTED BALANCE SHEET AS OF SEPTEMBER 30, 2004**

(\$ 000's)

**NORTHWESTERN CORPORATION
PRO FORMA PROJECTED BALANCE SHEET (UNAUDITED)^(a)**

	Estimated Pre-Reorganization Balance Sheet	Reorganization Adjustments		Pro Forma Reorganized Balance Sheet
		Recapitalization Adj.	"Fresh Start" Adj.	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$80,939	(\$26,438) ^(b)	-	\$54,501
Restricted Cash	20,100	-	-	20,100
Accounts Receivable, Net	79,477	-	-	79,477
Inventory	36,807	-	-	36,807
Other Current Assets	61,942	-	-	61,942
Total Current Assets	279,265	(26,438)	-	252,827
Noncurrent Assets:				
Property, Plant and Equipment, Net	1,401,231	-	-	1,401,231
Goodwill and Other Intangible Assets, Net	375,798	-	78,371 ^(j)	454,169
Discontinued Operations	75,920	-	-	75,920
Other Investments	10,762	-	-	10,762
Other Non-current Assets	212,201	-	44,203 ^(k)	256,404
Deferred Financing Fees	44,666	(22,818) ^(c)	-	21,848
Total Noncurrent Assets	2,120,577	(22,818)	122,574	2,220,333
Total Assets	\$2,399,842	(\$49,255)	\$122,574	\$2,473,161
LIABILITIES & SHAREHOLDER'S EQUITY:				
Accounts Payable	47,794	(5,000) ^(d)	-	42,794
Accrued Liabilities	140,123	-	-	140,123
Accrued Interest on Secured Debt	14,874	-	-	14,874
Total Current Liabilities	202,791	(5,000)	-	197,791
Secured Long-Term Debt	898,974	-	-	898,974
Capital Leases and Other Debt	9,613	-	-	9,613
New Unsecured Debt	-	-	-	-
Other Liabilities	580,332	(13,247) ^(e)	27,900 ^(l)	594,985
Deferred Tax Liability, Net	10,536	-	41,261 ^(m)	51,797
Liabilities Subject to Compromise:				
Unsecured Long-Term Debt	865,000	(865,000) ^(f)	-	-
Trust Preferred Securities	365,550	(365,550) ^(f)	-	-
Accrued Interest on Unsecured Debt	32,987	(32,987) ^(f)	-	-
Accrued Dividends	13,607	(13,607) ^(f)	-	-
Sub-total	1,277,144	(1,277,144)	-	-
Total Liabilities	2,979,390	(1,295,391)	69,161	1,753,161
Stockholders' Equity:				
Common Stock/APIC	367,396	720,000 ^(g)	(367,396) ⁽ⁿ⁾	720,000
Retained Earnings	(940,871)	529,984 ^(h)	410,887 ⁽ⁿ⁾	-
Accumulated Other Compreh. Income	(6,072)	(3,849) ⁽ⁱ⁾	9,921 ^(o)	-
Total Stockholders Equity	(579,547)	1,246,135	53,412	720,000
Total Liabilities & Stockholders' Equity	\$2,399,842	(\$49,255)	\$122,573	\$2,473,161

NOTES TO PRO FORMA BALANCE SHEET

- a. The pro forma balance sheet adjustments contained herein account for the reorganization and related transactions pursuant to the Plan using the principles of “fresh start” accounting as required by the Statement of Position 90-7 (“SOP 90-7”), *Financial Reporting by Entities in Reorganization Under the Bankruptcy Code*, issued by the American Institute of Certified Public Accountants (the “AICPA”). The fresh start adjustments are based on an estimated Reorganized Debtor Equity Value of \$710 million. The estimated Reorganized Debtor Equity Value may change depending on the amount of Distributable Cash available. Please note that although management has followed the principles of “fresh start” accounting, the actual adjustments will be determined at a later date and may be materially different than those presented herein upon completion of the required asset appraisals and review by the Debtor’s auditors.
- b. Reflects the anticipated uses of cash pursuant to the Plan, including: (i) \$25 million to satisfy Administrative Priority, Unsecured Priority and Convenience Class Claims and (ii) an assumed \$1.4 million in financing costs associated with a new revolving credit facility.
- c. Reflects the write-off of \$24.2 million of unamortized deferred financing costs related to extinguished unsecured notes. Includes new deferred financing fees of \$1.4 million related to the contemplated new revolving credit facility.
- d. Reflects \$5.0 million in cash paid out to settle Convenience Claims.
- e. Represents the recognition of a deferred gain on a previously terminated fair value hedge of \$13.2 million resulting from the extinguishment of related unsecured notes as contemplated in the Plan.
- f. Reflects the extinguishment of unsecured notes and related accrued interest, unsecured subordinated notes and related accrued dividends pursuant to the Plan.
- g. Reflects issuance of New Common Stock as proposed under the Plan.
- h. Reflects: (i) estimated cancellation of debt (“COD”) income of \$567.1 million; (ii) recognition of a deferred gain on a previously terminated fair value interest rate hedge of \$13.2 million; (iii) the recognition of a \$3.8 million deferred gain on a previously terminated cash flow hedge agreement related to an interest rate swap; (iv) write-off of deferred financing costs of \$24.2 million; and (v) \$20.0 million of estimated normal course bankruptcy related professional fees and expenses and Priority Claims.

- i. Reflects a debit of \$3.8 million to reflect the recognition of a deferred gain on a previously terminated cash flow hedge agreement related to an interest rate swap.
- j. Reflects the excess reorganization value pursuant to the valuation under the Plan and in accordance with “fresh start” accounting. Absent current information regarding asset appraisals, management has applied the entire excess reorganization value adjustment to goodwill.
- k. Increase in regulatory assets of \$44.2 million in connection with the valuation adjustment for the Debtor’s pension plans.
- l. Represents an adjustment of \$27.9 million to reflect the fair value of the Debtor’s pension liability.
- m. Adjusts for the estimated net deferred tax position for the Reorganized Debtor upon emergence.
- n. Reflects the adjustments to shareholders’ equity based on the Reorganized Debtor’s estimated Equity Value of \$710 million in accordance with “fresh start” accounting.
- o. Reflects: (i) a credit of \$16.3 million to reflect the fair value of the Debtor’s FAS 87 pension liability; and (ii) the adjustment to shareholders’ equity based on the Reorganized Debtor’s Equity Value of \$710 million.